

SCHWARTZER & MCPHERSON LAW FIRM  
 2850 South Jones Boulevard, Suite 1  
 Las Vegas, Nevada 89146-5308  
 Tel: (702) 228-7590 • Fax: (702) 892-0122

1 Annette W. Jarvis, Utah Bar No. 1649  
 2 RAY QUINNEY & NEBEKER P.C.  
 3 36 South State Street, Suite 1400  
 4 P.O. Box 45385  
 5 Salt Lake City, Utah 84145-0385  
 Telephone: (801) 532-1500  
 Facsimile: (801) 532-7543  
 Email: [ajarvis@rqn.com](mailto:ajarvis@rqn.com)

6 and

7 Lenard E. Schwartzer  
 Nevada Bar No. 0399  
 8 Jeanette E. McPherson  
 Nevada Bar No. 5423  
 9 Schwartzer & McPherson Law Firm  
 2850 South Jones Boulevard, Suite 1  
 10 Las Vegas, Nevada 89146-5308  
 Telephone: (702) 228-7590  
 Facsimile: (702) 892-0122  
 12 E-Mail: [bkfilings@s-mlaw.com](mailto:bkfilings@s-mlaw.com)  
 13 Attorneys for Debtors and Debtors-in-Possession

**E-FILED ON JANUARY 22, 2007**

**UNITED STATES BANKRUPTCY COURT  
 DISTRICT OF NEVADA**

15 In re:  
 16 USA COMMERCIAL MORTGAGE COMPANY,  
 17 Debtor.

Case No. BK-S-06-10725 LBR  
 Case No. BK-S-06-10726 LBR  
 Case No. BK-S-06-10727 LBR  
 Case No. BK-S-06-10728 LBR  
 Case No. BK-S-06-10729 LBR

17 In re:  
 18 USA CAPITAL REALTY ADVISORS, LLC,  
 19 Debtor.

Chapter 11

19 In re:  
 20 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,  
 21 Debtor.

**Jointly Administered Under  
 Case No. BK-S-06-10725 LBR**

21 In re:  
 22 USA CAPITAL FIRST TRUST DEED FUND, LLC,  
 23 Debtor.

**MONTHLY OPERATING REPORT FOR  
 DECEMBER 2006 (AFFECTS USA  
 COMMERCIAL MORTGAGE COMPANY)**

23 In re:  
 24 USA SECURITIES, LLC,  
 25 Debtor.

Affects:

- All Debtors
- USA Commercial Mortgage Company
- USA Capital Realty Advisors, LLC
- USA Capital Diversified Trust Deed Fund, LLC
- USA Capital First Trust Deed Fund, LLC
- USA Securities, LLC

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re: USA Commercial Mortgage Company

**Case No.**

06-10725-LBR

## CHAPTER 11

# MONTHLY OPERATING REPORT

### (GENERAL BUSINESS CASE)

## SUMMARY OF FINANCIAL STATUS

**MONTH ENDED:** 12/31/06

**PETITION DATE:** 04/13/06

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).  
Dollars reported in \$1

Dollars reported in \$1

<u><b>End of Current Month</b></u>	<u><b>End of Prior Month</b></u>	<u><b>As of April 13, 2006</b></u>
\$69,369,665	\$64,077,528	
\$128,228,678	\$123,056,245	\$122,468,825
\$31,010,810	\$25,723,357	
\$92,836,531	\$87,549,078	\$61,634,630
 <u><b>Current Month</b></u>	 <u><b>Prior Month</b></u>	 <u><b>Cumulative (Case to Date)</b></u>
\$4,541,880	\$3,298,542	\$13,173,054
\$391,336	\$2,932,540	\$6,059,148
\$4,150,544	\$366,002	\$7,113,906
\$3,539,594	\$3,173,592	\$576,231
\$7,690,138	\$3,539,594	\$7,690,138
 <u><b>Current Month</b></u>	 <u><b>Prior Month</b></u>	 <u><b>Cumulative (Case to Date)</b></u>
(\$115,020)	(\$1,245,152)	(\$3,615,746)
\$21,797,195	\$20,654,024	
\$31,010,810	\$25,723,357	
\$40,592	\$40,342	

**At the end of this reporting month:**

8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) \_\_\_\_\_

9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee) \_\_\_\_\_

10. If the answer is yes to 8 or 9, were all such payments approved by the court? \_\_\_\_\_

11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee) \_\_\_\_\_

12. Is the estate insured for replacement cost of assets and for general liability? \_\_\_\_\_

13. Are a plan and disclosure statement on file? \_\_\_\_\_

14. Was there any post-petition borrowing during this reporting period? \_\_\_\_\_

15. Check if paid: Post-petition taxes  ; U.S. Trustee Quarterly Fees  ; Check if filing is current for: Post-petition tax reporting and tax returns:   
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 1/22/2007 0:00

---

### Responsible Individual

Revised 1/1/98

## **STATEMENT OF OPERATIONS**

### **(General Business Case)**

For the Month Ended 12/31/06

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

**BALANCE SHEET**  
**(General Business Case)**  
For the Month Ended 12/31/06

**Assets**

		<u>From Schedules</u>	<u>Market Value<sup>1</sup></u>
<b>Current Assets</b>			
1	Cash and cash equivalents - unrestricted		\$972,146
2	Cash and cash equivalents - restricted		\$6,717,992
3	Accounts receivable (net)	A	\$21,797,195
4	Inventory	B	\$0
5	Prepaid expenses		\$15,277
6	Professional retainers		
7	Other: <u>Borrowers interest advances</u>		\$23,905,303
8	Funds held in Collection account		\$15,961,752
9	<b>Total Current Assets</b>		<u>\$69,369,665</u>
<b>Property and Equipment (Market Value)</b>			
10	Real property	C	\$0
11	Machinery and equipment	D	\$0
12	Furniture and fixtures	D	\$143,278
13	Office equipment	D	\$283,823
14	Leasehold improvements	D	\$56,993
15	Vehicles	D	\$0
16	Other: _____	D	_____
17	_____	D	_____
18	_____	D	_____
19	_____	D	_____
20	_____	D	_____
21	<b>Total Property and Equipment</b>		<u>\$484,094</u>
<b>Other Assets</b>			
22	Loans to shareholders		
23	Loans to affiliates		
24	Related Party loan		\$58,374,919
25	_____		
26	_____		
27	_____		
28	<b>Total Other Assets</b>		<u>\$58,374,919</u>
29	<b>Total Assets</b>		<u>\$128,228,678</u>

**NOTE:**

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

1 - The method used to estimate the market value of assets was net book value at the end of the current reporting period as market value has not been determined.

**Liabilities and Equity**  
(General Business Case)

**Liabilities From Schedules**

**Post-Petition**

**Current Liabilities**

30	Salaries and wages	\$29,149
31	Payroll taxes	
32	Real and personal property taxes	
33	Income taxes	
34	Sales taxes	
35	Notes payable (short term)	
36	Accounts payable (trade)	\$507,932
37	Real property lease arrearage	
38	Personal property lease arrearage	
39	Accrued professional fees	
40	Current portion of long-term post-petition debt (due within 12 months)	
41	Other: <u>Retirement plan</u>	\$1,105,535
42	<u>Escrow deposit and other liabilities</u>	\$6,712,890
43	<u>Adjustment for Loan Servicing transactions</u>	\$11,957,021
44	<b>Total Current Liabilities</b>	<u><u>\$31,010,810</u></u>

**Long-Term Post-Petition Debt, Net of Current Portion**

45	<b>Total Post-Petition Liabilities</b>	<u><u>\$31,010,810</u></u>
----	--	----------------------------

**Pre-Petition Liabilities (allowed amount)<sup>1</sup>**

47	Secured claims <sup>1</sup>	F	\$0
48	Priority unsecured claims <sup>1</sup>	F	\$169,742
49	General unsecured claims <sup>1</sup>	F	\$61,655,979
50	<b>Total Pre-Petition Liabilities</b>		<u><u>\$61,825,721</u></u>
51	<b>Total Liabilities</b>		<u><u>\$92,836,531</u></u>

**Equity (Deficit)**

52	Retained Earnings/(Deficit) at time of filing	\$38,932,893
53	Capital Stock	\$75,000
54	Additional paid-in capital	
55	Cumulative profit/(loss) since filing of case	(\$3,615,746)
56	Post-petition contributions/((distributions) or (draws)	
57	Market value adjustment	
59	<b>Total Equity (Deficit)</b>	<u><u>\$35,392,147</u></u>
60	<b>Total Liabilities and Equity (Deficit)</b>	<u><u>\$128,228,678</u></u>

**NOTE:**

1 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court. The pre-petition liabilities' amounts above reflect the claimed amounts filed on Schedules.

## **SCHEDULES TO THE BALANCE SHEET** (General Business Case)

**Schedule A**  
**Accounts Receivable and (Net) Payable**

<b>Receivables and Payables Agings</b>
0 -30 Days
31-60 Days
61-90 Days
91+ Days
Total accounts receivable/payable
Allowance for doubtful accounts
Accounts receivable (net)

## Schedule B Inventory/Cost of Goods Sold

### **Types and Amount of Inventory(ies)**

## Method of Inventory Control

Do you have a functioning perpetual inventory system?

How often do you take a complete physical inventory?

## Weekly

---

## Monthly

## Quarterly

Semi-annually

Annually

Date of last physical inventory was

Date of next physical inventory is

## Inventory Valuation Methods

Indicate by a checkmark method of inventory used.

## Valuation methods –

FIFO cost

LIFO cost

### Lower of cost or market

### Retail method

### Other

## Explain

**Schedule C**  
**Real Property**

Description	<u>Cost</u>	<u>Market Value</u>
Total	<u>\$0</u>	<u>\$0</u>

**Schedule D**  
**Other Depreciable Assets**

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	<u>\$0</u>	<u>\$0</u>
Furniture & Fixtures -		
Total	<u>\$0</u>	<u>\$0</u>
Office Equipment -		
Total	<u>\$0</u>	<u>\$0</u>
Leasehold Improvements -		
Total	<u>\$0</u>	<u>\$0</u>
Vehicles -		
Total	<u>\$0</u>	<u>\$0</u>

**Schedule E**  
**Aging of Post-Petition Taxes**  
**(As of End of the Current Reporting Period)**

<b>Taxes Payable</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91+ Days</b>	<b>Total</b>
<b>Federal</b>					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total Federal Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>State and Local</b>					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total State &amp; Local Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Schedule F**  
**Pre-Petition Liabilities**

**List Total Claims For Each Classification -**

	<b>Claimed<sup>1</sup> Amount</b>	<b>Allowed<sup>2</sup> Amount (b)</b>
Secured claims (a)		
Priority claims other than taxes	\$123,916	
Priority tax claims	\$45,826	
General unsecured claims	\$61,655,979	

- (a) List total amount of claims even it under secured.
- (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

**Schedule G**  
**Rental Income Information**  
**Not applicable to General Business Cases**

**Schedule H**  
**Recapitulation of Funds Held at End of Month**

	<b>Account 1</b>	<b>Account 2</b>	<b>Account 3</b>	<b>Account 4</b>	<b>Account 5</b>
Bank	Bank of America	Bank of America	Citibank	Bank of America	
Account Type	Analyzed Checking	Analyzed Checking	Business Account	Money Market	
Account No.	3755532383	3755532419	500078217	3755547323	
Account Purpose	General	Payroll	Citibank Interest	Escrow Account	Petty Cash
Balance, End of Month	\$965,021	\$6,486	\$339	\$6,717,992	\$300
Total Funds on Hand for all Accounts	<b>\$7,690,138</b>				

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

**NOTES:**

- 1 - Claimed Amounts reflects amounts filed on schedules and is subject to change as proof of claims are filed and further pre-petition invoices are identified.
- 2 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court.

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS****Increase/(Decrease) in Cash and Cash Equivalents****For the Month Ended 12/31/06**

		<u>Actual</u>	<u>Cumulative</u>
		<u>Current Month</u>	<u>(Case to Date)</u>
<b>Cash Receipts</b>			
1	Rent/Leases Collected	\$149,100	\$5,262,182
2	Cash Received from Sales	\$17,780	\$89,962
3	Interest Received	\$17,780	\$89,962
4	Borrowings	\$17,780	\$89,962
5	Funds from Shareholders, Partners, or Other Insiders	\$17,780	\$5,000
6	Capital Contributions	\$17,780	\$5,000
7	Management Fees from USA Capital Realty Advisors, LLC	\$1,027,380	\$1,027,380
8	Tax and Security Deposit Refund	\$5,698	\$5,698
9	Principal Received on Notes Receivable	\$82,832	\$82,832
10	Escrow Deposit	\$4,375,000	\$6,700,000
11		\$4,375,000	\$6,700,000
12	<b>Total Cash Receipts</b>	<b>\$4,541,880</b>	<b>\$13,173,054</b>
<b>Cash Disbursements</b>			
13	Payments for Inventory	\$2,619	\$2,619
14	Selling	\$45,173	\$520,775
15	Administrative	\$45,173	\$520,775
16	Capital Expenditures	\$150,645	\$150,645
17	Principal Payments on Debt	\$4,888	\$4,888
18	Interest Paid	\$4,888	\$4,888
19	Rent/Lease:		
20	Personal Property	\$9,963	\$9,963
21	Real Property	\$51,269	\$440,895
22	Amount Paid to Owner(s)/Officer(s)		
23	Salaries	\$148,120	\$1,063,795
24	Draws	\$148,120	\$1,063,795
25	Commissions/Royalties	\$148,120	\$1,063,795
26	Expense Reimbursements	\$148,120	\$1,063,795
27	Other	\$148,120	\$1,063,795
28	Salaries/Commissions (less employee withholding)	\$148,120	\$1,063,795
29	Management Fees	\$148,120	\$1,063,795
30	Taxes:		
31	Employee Withholding	\$16,192	\$154,680
32	Employer Payroll Taxes	\$5,044	\$71,443
33	Real Property Taxes	\$5,044	\$71,443
34	Other Taxes	\$9,943	\$9,943
35	Other Cash Outflows:		
36	Professional Fees Paid in Connection with Chapter 11 Case	\$125,538	\$3,619,502
37	U.S. Trustee Quarterly Fees	\$125,538	\$10,000
38	<b>Total Cash Disbursements:</b>	<b>\$391,336</b>	<b>\$6,059,148</b>
39	<b>Net Increase (Decrease) in Cash</b>	<b>\$4,150,544</b>	<b>\$7,113,906</b>
40	<b>Cash Balance, Beginning of Period</b>	<b>\$3,539,594</b>	<b>\$576,231</b>
41	<b>Cash Balance, End of Period</b>	<b>\$7,690,138</b>	<b>\$7,690,138</b>

**STATEMENT OF CASH FLOWS**

(Optional) Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 12/31/06

		<u>Actual</u> <u>Current Month</u>	<u>Cumulative</u> <u>(Case to Date)</u>
<b>Cash Flows From Operating Activities</b>			
1	Cash Received from Sales	\$149,100	\$5,262,182
2	Rent/Leases Collected		
3	Interest Received	\$17,780	\$89,962
4	Cash Paid to Suppliers		
5	Cash Paid for Selling Expenses		\$2,619
6	Cash Paid for Administrative Expenses	\$45,173	\$520,775
	Cash Paid for Rents/Leases:		
7	Personal Property		\$9,963
8	Real Property	\$51,269	\$440,895
9	Cash Paid for Interest		\$4,888
10	Cash Paid for Net Payroll and Benefits	\$148,120	\$1,063,795
	Cash Paid to Owner(s)/Officer(s):		
11	Salaries		
12	Draws		
13	Commissions/Royalties		
14	Expense Reimbursements		
15	Other		
	Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16	Employer Payroll Tax	\$5,044	\$71,443
17	Employee Withholdings	\$16,192	\$154,680
18	Real Property Taxes		
19	Other Taxes		\$9,943
20	Cash Paid for General Expenses		
21	Management Fees from USA Capital Realty Advisors, LLC		(\$1,027,380)
22	Tax and Security Deposit Refund		(\$5,698)
23	Principal Received on Notes Receivable		(\$82,832)
24			
25			
26			
27	<b>Net Cash Provided (Used) by Operating Activities before Reorganization Items</b>	(\$98,918)	\$4,189,053
<b>Cash Flows From Reorganization Items</b>			
28	Interest Received on Cash Accumulated Due to Chp 11 Case		
29	Professional Fees Paid for Services in Connection with Chp 11 Case	\$125,538	\$3,619,502
30	U.S. Trustee Quarterly Fees		\$10,000
31	Escrow Deposit	(\$4,375,000)	(\$6,700,000)
32	<b>Net Cash Provided (Used) by Reorganization Items</b>	\$4,249,462	\$3,070,498
33	<b>Net Cash Provided (Used) for Operating Activities and Reorganization Items</b>	\$4,150,544	\$7,259,551
<b>Cash Flows From Investing Activities</b>			
34	Capital Expenditures		
35	Proceeds from Sales of Capital Goods due to Chp 11 Case		
36			
37	<b>Net Cash Provided (Used) by Investing Activities</b>	\$0	\$0
<b>Cash Flows From Financing Activities</b>			
38	Net Borrowings (Except Insiders)		
39	Net Borrowings from Shareholders, Partners, or Other Insiders		\$5,000
40	Capital Contributions		
41	Principal Payments		\$150,645
42			
43	<b>Net Cash Provided (Used) by Financing Activities</b>	\$0	(\$145,645)
44	<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	\$4,150,544	\$7,113,906
45	<b>Cash and Cash Equivalents at Beginning of Month</b>	\$3,539,594	\$576,231
46	<b>Cash and Cash Equivalents at End of Month</b>	\$7,690,138	\$7,690,138

**USA Commercial Mortgage Company**  
**Question 9 - Payments to Professionals**  
**December 1, 2006 - December 31, 2006**

	<b>Total Paid During Month</b>
BMC Group	\$ 125,538.48
<b>Total Fees &amp; Expenses</b>	<b><u>\$ 125,538.48</u></b>

**USA COMMERCIAL MORTGAGE COMPANY - COLLECTION ACCOUNT**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 12/31/06

		Actual <u>Current Month</u>	Cumulative (Case to Date)
<b>Cash Receipts</b>			
1	Rent/Leases Collected		
2	Cash Received from Sales		
3	Interest Received	\$174,146	\$1,562,401
4	Borrowings		
5	Funds from Shareholders, Partners, or Other Insiders		
6	Capital Contributions		
7	Cash Received - See Attachment A	\$16,483,782	\$219,269,693
8			
9			
10			
11			
12	<b>Total Cash Receipts</b>	<u>\$16,657,928</u>	<u>\$220,832,094</u>
<b>Cash Disbursements</b>			
13	Payments for Inventory		
14	Selling		
15	Administrative		
16	Capital Expenditures		
17	Principal Payments on Debt		
18	Interest Paid		
19	Rent/Lease:		
20	Personal Property		
21	Real Property		
22	Amount Paid to Owner(s)/Officer(s)		
23	Salaries		
24	Draws		
25	Commissions/Royalties		
26	Expense Reimbursements		
27	Other		
28	Salaries/Commissions (less employee withholding)		
29	Management Fees		
30	Taxes:		
31	Employee Withholding		
32	Employer Payroll Taxes		
33	Real Property Taxes		
34	Other Taxes		
35	Other Cash Outflows:		
36	Extension/Late Fees/Default Interest Collected on Behalf of USA CM	\$43,809	\$678,230
37	Service Fees Paid to USA Commercial Mortgage	<u>\$2,713,210</u>	<u>\$169,433,878</u>
38	<b>Total Cash Disbursements:</b>	<u>\$22,766,914</u>	<u>\$172,825,318</u>
39	<b>Net Increase (Decrease) in Cash</b>	<u>(\$6,108,986)</u>	<u>\$48,006,776</u>
40	<b>Cash Balance, Beginning of Period</b>	<u>\$63,169,179</u>	<u>\$9,053,417</u>
41	<b>Cash Balance, End of Period</b>	<u>\$57,060,193</u>	<u>\$57,060,193</u>

## USA COMMERCIAL MORTGAGE COMPANY - COLLECTION ACCOUNT

## STATEMENT OF CASH FLOWS

(Optional) Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 12/31/06

		Actual <u>Current Month</u>	Cumulative <u>(Case to Date)</u>
1	Cash Received from Sales		
2	Rent/Leases Collected		
3	Interest Received	\$174,146	\$1,562,401
4	Cash Paid to Suppliers		
5	Cash Paid for Selling Expenses		
6	Cash Paid for Administrative Expenses		
	Cash Paid for Rents/Leases:		
7	Personal Property		
8	Real Property		
9	Cash Paid for Interest		
10	Cash Paid for Net Payroll and Benefits		
	Cash Paid to Owner(s)/Officer(s):		
11	Salaries		
12	Draws		
13	Commissions/Royalties		
14	Expense Reimbursements		
15	Other		
	Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16	Employer Payroll Tax		
17	Employee Withholdings		
18	Real Property Taxes		
19	Other Taxes		
20	Cash Paid for General Expenses		
21	Cash Received - See Attachment A	(\$16,483,782)	(\$219,269,693)
22	Extension/Late Fees/Default Interest Collected on Behalf of USA CM	\$43,809	\$678,230
23	Service Fees Paid to USA Commercial Mortgage		\$2,713,210
24	Payments to Investors	\$22,723,105	\$169,433,878
25			
26			
27	<b>Net Cash Provided (Used) by Operating Activities before Reorganization Items</b>	<b>(\$6,108,986)</b>	<b>\$48,006,776</b>
	<b>Cash Flows From Reorganization Items</b>		
28	Interest Received on Cash Accumulated Due to Chp 11 Case		
29	Professional Fees Paid for Services in Connection with Chp 11 Case		
30	U.S. Trustee Quarterly Fees		
31			
32	<b>Net Cash Provided (Used) by Reorganization Items</b>	<b>\$0</b>	<b>\$0</b>
33	<b>Net Cash Provided (Used) for Operating Activities and Reorganization Items</b>	<b>(\$6,108,986)</b>	<b>\$48,006,776</b>
	<b>Cash Flows From Investing Activities</b>		
34	Capital Expenditures		
35	Proceeds from Sales of Capital Goods due to Chp 11 Case		
36			
37	<b>Net Cash Provided (Used) by Investing Activities</b>	<b>\$0</b>	<b>\$0</b>
	<b>Cash Flows From Financing Activities</b>		
38	Net Borrowings (Except Insiders)		
39	Net Borrowings from Shareholders, Partners, or Other Insiders		
40	Capital Contributions		
41	Principal Payments		
42			
43	<b>Net Cash Provided (Used) by Financing Activities</b>	<b>\$0</b>	<b>\$0</b>
44	<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(\$6,108,986)</b>	<b>\$48,006,776</b>
45	<b>Cash and Cash Equivalents at Beginning of Month</b>	<b>\$63,169,179</b>	<b>\$9,053,417</b>
46	<b>Cash and Cash Equivalents at End of Month</b>	<b>\$57,060,193</b>	<b>\$57,060,193</b>

**USA Commercial Mortgage Company - Collections Account**  
**Attachment A**  
**December 1, 2006 - December 31, 2006**

<b>Borrowers</b>	<b>Receipts</b>
5055 Collwood, LLC	\$ 17,353.00
Bundy Canyon \$1,050,000	11,375.00
Cabernet	37,500.00
Charlevoix Homes, LLC	45,333.33
Cloudbreak LV	3,872,081.29
Columbia Managing Partners	23,941.67
Cornman Toltec 160, LLC	54,229.47
Fiesta Development \$6.6	6,707,249.95
Fiesta Murrieta	70,416.67
Franklin - Stratford Investments, LLC	52,506.14
I-40 Gateway West	25,610.97
I-40 Gateway West, LLC 2nd	14,200.00
Interstate Commerce Center	11,496.51
Interstate Commerce Center Phase II	15,366.66
La Hacienda Estate, LLC	62,550.00
Palm Harbor One	2,135,962.06
Rio Rancho Executive Plaza, LLC	2,117,151.75
Roam Development Group	581,114.08
Southern California Land 2nd	48,766.67
The Gardens Timeshare	68,250.00
University Estates	61,326.85
Wasco Investments	450,000.00
<b>Total Receipts</b>	<b>\$ 16,483,782.07</b>

**USA COMMERCIAL MORTGAGE COMPANY - INVESTOR ACCOUNT**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 12/31/06

		Actual Current Month	Cumulative (Case to Date)
<b>Cash Receipts</b>			
1	Rent/Leases Collected		
2	Cash Received from Sales		
3	Interest Received	\$2,657	\$3,604
4	Borrowings		
5	Funds from Shareholders, Partners, or Other Insiders		
6	Capital Contributions		
7	Return of Funds from Title Company		\$8,900,000
8	Funding Assignments		\$200,000
9			
10			
11			
12	<b>Total Cash Receipts</b>	<u>\$2,657</u>	<u>\$9,103,604</u>
<b>Cash Disbursements</b>			
13	Payments for Inventory		
14	Selling		
15	Administrative		
16	Capital Expenditures		
17	Principal Payments on Debt		
18	Interest Paid		
19	Rent/Lease:		
20	Personal Property		
21	Real Property		
22	Amount Paid to Owner(s)/Officer(s)		
23	Salaries		
24	Draws		
25	Commissions/Royalties		
26	Expense Reimbursements		
27	Other		
28	Salaries/Commissions (less employee withholding)		
29	Management Fees		
30	Taxes:		
31	Employee Withholding		
32	Employer Payroll Taxes		
33	Real Property Taxes		
34	Other Taxes		
35	Other Cash Outflows:		
36	<u>Pre-Petition Check Cleared by Bank after Account Closed</u>		\$100,000
37	<u>Principal Payments to Investors</u>		\$9,475,000
38	<b>Total Cash Disbursements:</b>	<u>\$0</u>	<u>\$9,575,000</u>
39	<b>Net Increase (Decrease) in Cash</b>	<u>\$2,657</u>	<u>(\$471,396)</u>
40	<b>Cash Balance, Beginning of Period</b>	<u>\$1,502,080</u>	<u>\$1,976,133</u>
41	<b>Cash Balance, End of Period</b>	<u>\$1,504,737</u>	<u>\$1,504,737</u>

Note:

1 - Check cleared by Wells Fargo on April 19, 2006 and not returned to account by the bank.

## USA COMMERCIAL MORTGAGE COMPANY - INVESTOR ACCOUNT

## STATEMENT OF CASH FLOWS

(Optional) Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 12/31/06

		Actual	Cumulative
		Current Month	(Case to Date)
1	Cash Flows From Operating Activities		
2	Cash Received from Sales		
3	Rent/Leases Collected		
4	Interest Received	\$2,657	\$3,604
5	Cash Paid to Suppliers		
6	Cash Paid for Selling Expenses		
7	Cash Paid for Administrative Expenses		
8	Cash Paid for Rents/Leases:		
9	Personal Property		
10	Real Property		
11	Cash Paid for Interest		
12	Cash Paid for Net Payroll and Benefits		
13	Cash Paid to Owner(s)/Officer(s)		
14	Salaries		
15	Draws		
16	Commissions/Royalties		
17	Expense Reimbursements		
18	Other		
19	Cash Paid for Taxes Paid/Deposited to Tax Acct.		
20	Employer Payroll Tax		
21	Employee Withholdings		
22	Real Property Taxes		
23	Other Taxes		
24	Cash Paid for General Expenses		
25	Pre-Petition Check Cleared by Bank after Account Closed		\$100,000
26	Return of Funds from Title Company		(\$8,900,000)
27	Principal Payments to Investors		\$9,475,000
28	Funding Assignments		(\$200,000)
29			
30			
31			
32	Net Cash Provided (Used) by Operating Activities before Reorganization Items	\$2,657	(\$471,396)
33	Cash Flows From Reorganization Items		
34	Interest Received on Cash Accumulated Due to Chp 11 Case		
35	Professional Fees Paid for Services in Connection with Chp 11 Case		
36	U.S. Trustee Quarterly Fees		
37	Net Cash Provided (Used) by Reorganization Items	\$0	\$0
38	Net Cash Provided (Used) for Operating Activities and Reorganization Items	\$2,657	(\$471,396)
39	Cash Flows From Investing Activities		
40	Capital Expenditures		
41	Proceeds from Sales of Capital Goods due to Chp 11 Case		
42			
43	Net Cash Provided (Used) by Investing Activities	\$0	\$0
44	Cash Flows From Financing Activities		
45	Net Borrowings (Except Insiders)		
46	Net Borrowings from Shareholders, Partners, or Other Insiders		
47	Capital Contributions		
48	Principal Payments		
49			
50	Net Cash Provided (Used) by Financing Activities	\$0	\$0
51	Net Increase (Decrease) in Cash and Cash Equivalents	\$2,657	(\$471,396)
52	Cash and Cash Equivalents at Beginning of Month	\$1,502,080	\$1,976,133
53	Cash and Cash Equivalents at End of Month	\$1,504,737	\$1,504,737

Note:

1 - Check cleared by Wells Fargo on April 19, 2006 and not returned to account by the bank.